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FOR WHA/BSC MDASCHBACH, BFRIEDMAN, MDRUCKER

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SUBJECT: LUGO'S FIRST 100 DAYS IN OFFICE

SUMMARY

¶1. (SBU) President Fernando Lugo publicly reviewed November 25 his administration's progress in its first 100 days. Lugo emphasized a frontal fight against corruption and said he is trying to impose a new style of government, while humbly assuming responsibility for his errors to date as president. Lugo pointed out that many members of the Colorado Party augured his administration would fail, dispelling their predictions that the public institutions would collapse and that there would be a witch-hunt of the public employees affiliated with the Colorados. Lugo stated a central priority of his administration is agrarian reform. In national polls published November 23-4, Lugo's popularity rating was a very respectable 60 percent, with 63 percent approving his administration's anti-corruption efforts. Lugo also publicly recognized that his greatest challenges -- increased social and economic inclusion of the rural population, rising crime, and judicial and land reform -- require more time and effort, but he pointed out that structural problems have slowed his government's work. Due to high expectations for change, Lugo's almost non-existent honeymoon has ended, but he is off to a solid start.
END SUMMARY.

LUGO'S PROGRESS

¶2. (SBU) President Fernando Lugo held a press conference November 25 to summarize his administration's progress in its first 100 days. The president pointed out that 100 days are not sufficient to produce meaningful changes to the corrupt and inefficient structure which past Colorado administrations left behind. Lugo said that more time is needed to fix the chaos generated during 61 years of Colorado Party rule. He asserted that his administration has been working to optimize and strengthen state entities.

¶3. (SBU) Lugo emphasized a frontal fight against corruption and said he is trying to impose a new style of government, humbly assuming responsibility for his errors to date as president. The President said that the Paraguayan people expressed their wish for meaningful and sustainable changes in the way the country is administered and to develop and promote democratic transformation. Lugo stated that there is no threat on the horizon that will stop the process of changes and the transformation of the way the government administers the country.

¶4. (SBU) President Lugo pointed out that many members of the Colorado Party augured his administration would fail, dispelling their predictions that the public institutions would collapse, and

that there would be a witch-hunt of public employees affiliated with the Colorado Party. Lugo contended that the majority of public institutions have improved their performance under his administration. The President also pointed out that no witch-hunt has taken place; to the contrary, public employees are valued and are being retrained or moved to positions more in line with their skills to make the government more efficient.

FIGHTING CORRUPTION

15. (SBU) Lugo emphasized that during his short term in office, he demonstrated his commitment to combating the chronic corruption in all public institutions and reorganizing the way the public administration works. Lugo stated that all effort is concentrated in disarticulating the scandalous mafia-type structure set up in the public entities to rob the country's coffers. He pointed out that major mafia-type organizations were found in many of the public entities. He cited the successes as: a criminal investigation of the national police administration headquarters and the replacement of the police commissioner; removal and criminal prosecution of all 13 public ports administrators; investigations into the national military academy, military hospital, and the military cooperative, with changes in military leadership (septel); and several criminal and administrative investigations in the bi-national energy enterprises, Itaipu and Yacyreta dams.

SOCIAL PROGRAMS

16. (SBU) President Lugo stated a central priority of his administration is agrarian reform. He created a roundtable to discuss land reform, which he said is fundamental to achieving economic development and social equity. The President also cited other social programs promoted by his administration, such as free and universal medical care in the national hospitals; the "one laptop per child program;" the promotion of women in the work force; education for the indigenous population; promotion of artisan work and an initiative which would subsidize electricity for the poor. The leadership of the Minister of Health in improving efficiency and delivery of services has already been felt by the public making her the most popular member of the cabinet.

HIGH APPROVAL RATINGS

17. (SBU) In national polls published November 23-4, 60 percent approved President Lugo's first 100 days in office, while 31 percent disapproved of his work. While 63 percent approved Lugo's anti-corruption efforts, 59 percent believe that the government is doing a bad job on land reform, 69 percent think that the government is performing poorly on citizens' security and anti-crime, and 60 percent think that the government is poorly managing the economy. In the same poll, 57.7 percent approved of Vice-President Federico Franco's work; 29 percent criticized Franco's performance.

18. (SBU) President Lugo recognized that his greatest challenges -- increased social and economic inclusion of Paraguay's rural population, crime, and judicial and land reform -- require more time and effort, but he pointed out that there were structural problems that slow the government's work. He cited the old state structure, budget limitations, and the justice system as the major obstacles, but pointed out that the law will be applied and justice will be imparted equally to all.

COMMENT

19. (SBU) High expectations for change have cut President Lugo's almost non-existent honeymoon short. The president faces some serious challenges: No majority in Congress (much less a political party of his own), a weak and corrupt judiciary, bloated (and politicized) government institutions, and sporadic social unrest.

Some poor and indigenous sectors of society are disappointed with his progress; politicians criticize his deliberate leadership style (claiming that he creates a vacuum when he fails to quickly make decisions) and lack of a strategic plan for governing. And a few political vultures are circling, waiting for him to make his first big blunder. But in his first 100 days, President Lugo has expressed the political will to reform Paraguay, and has had several high-profile successes, particularly against corruption. He has assembled his team and is working out some normal, inter-agency kinks. Lugo has chosen his battles carefully, aware that excessive reform attempts could upset the country's balance during this important transition. Despite criticism that he has not communicated sufficiently with Congress, Lugo has held together his loose political coalition and is ramping up political dialogue with the opposition. While Lugo lowered tensions on land reform by calling for a national dialogue, he will have to do more than grapple with land (and judicial) reform in coming months. After 61 years of Colorado Party rule, he will need more than 100 days to make real inroads into reforms, and continued U.S. assistance will be critical to his success. But all in all, he is off to a solid start. END COMMENT.

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